



## MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on  
Tuesday, June 23, 2009  
980 9<sup>th</sup> Street, Conference Center, 2<sup>nd</sup> Floor  
Sacramento, California 95814

Chairwoman Marjorie Berte called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:30 p.m.

### **1. Call To Order and Roll Call.**

The following Board members were in attendance:

Marjorie Berte represented the Secretary of the Business, Transportation and Housing Agency.

Tom Sheehy represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Fred Aguiar, Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Roma Cristia-Plant, Molly Arnold, Paula Connors and Shelly Renner.

### **2. Executive Director's Report.**

Assistant Executive Director, Roma Cristia-Plant presented the Executive Director's Report on behalf of Stan Hazelroth and reported the following:

- Stan Hazelroth is traveling today and will be participating tomorrow in a panel of experts on state infrastructure banks for the Third Way-Building America's Future forum in Washington DC.
- The Executive Director executed a second inducement certificate related to the Maguire Aviation exempt facility project at the Van Nuys Airport (16700 Roscoe LLC-Maguire II) for \$115,000,000 on June 16, 2009.
- The I-Bank submitted a response yesterday to a compliance questionnaire received from the Internal Revenue Service (IRS). The questionnaire sought information about bond post-issuance compliance procedures and is not an audit.
- Our financial auditors, Macias, Gini and O'Connell are currently on-site and have begun the audit review for the 2008-2009 audit. The auditors will return in mid-August for an additional two weeks of on-site work, and we anticipate a completed audit by mid- October.

Ms. Arnold informed the Board of the following:

- Two mechanics liens associated with a firm called ConXtech were served upon the I-Bank on June 10, 2009. The liens arise from the construction of a condominium project that is connected to a an office building occupied by the County of Alameda and financed by the I-Bank with 501(c)(3) conduit bonds through a common parking facility. The I-Bank is in the process of communicating with our borrower's counsel and the Attorney General to determine if borrower's counsel can also represent the I-Bank in the litigation.

**Consent Items:**

**3. Approve minutes from the meeting held on May 19, 2009.**

Chairwomen Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve this consent item. Mr. Sheehy moved to approve the minutes and Mr. Lujano seconded the motion. The minutes were unanimously approved.

**Action Items:**

**4. A resolution approving the sale, issuance and delivery of tax-exempt 501(c)(3) revenue bonds for The John Thomas Dye School in an amount not to exceed \$14,500,000 to finance the construction and acquisition of economic development facilities in Los Angeles, California.**

Ms. Connors presented a staff report describing the request to issue an amount not to exceed \$14,500,000 in tax-exempt 501(c)(3) revenue bonds for the John Thomas Dye School, a nonprofit independent elementary school, to be used to finance the construction and acquisition of economic development facilities in Los Angeles. Ms. Connors explained that the project will consist of three phases and will include the construction of two 1,100 square foot wings adjacent to the existing administration building, construction of a 15,000 sq ft academic center, and construction of a parking structure to create 100 parking spaces to alleviate overcrowding and circulation issues. Ms. Connors explained that the project will provide expanded and updated academic space for students and create five new jobs. Ms. Connors introduced Mr. Robert Suppelsa, the school's Chief Financial Officer. Ms. Connors answered a question from Mr. Aquiar regarding the collateral for the bond explaining that the security for the bonds is a deed of trust on the buildings and the property.

Chairwoman Berte called for any more questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No. 09-23. Mr. Aquiar moved to approve the resolution and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

**5. A resolution approving the sale, issuance and delivery of tax-exempt 501(c)(3) revenue bonds for the California Independent System Operator Corporation in an amount not to exceed \$210,000,000 to finance the construction and acquisition of economic development facilities in Folsom and Alhambra, California.**

Ms. Connors presented a staff report describing the request to issue an amount not to exceed \$210,000,000 in tax-exempt 501(c)(3) revenue bonds for the California Independent System Operator Corporation to finance the construction and development of a 208,000 square foot office headquarters in Folsom near the existing headquarters facility. In addition, a portion of the funds will be used for the acquisition of computer hardware and proprietary software and the acquisition of office equipment primarily for the Folsom headquarters, but also to update the ISO's Alhambra facility. Ms. Connors introduced Ms. Nancy Saracino, General Counsel, Mr. Charles Snay and Mr. Mark Epstein representing the California Independent Systems Operator Corporation. During discussion of the items, Kevin Civale, bond counsel, was also introduced.

Several Board members questioned the use of bond proceeds for noncapital assets such as proprietary software and computer hardware. Ms. Saracino explained that the proprietary software was integral to the operations of the ISO. Mr. Civale clarified that the bonds are sized and structured to take into account the various asset lives and that the project will be in compliance with tax-exempt bond financing laws regarding funded assets and bond maturities. After further discussion, the Board requested staff to obtain further clarification on this issue, to request that project bond counsels be requested to attend I-Bank

Board meetings, and that staff emphasize to applicants that the appearance of a financing request item on an I-Bank Board agenda does not guarantee final approval at that particular meeting.

Chairwoman Berte called for any more questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No. 09-24. Mr. Aquiar moved to approve the resolution and Mr. Sheehy seconded the motion. The Board unanimously approved the resolution.

**6. Board action pursuant to Government Code Section 11126.1 to appoint a clerk to attend and maintain a record of each closed session of the Board.**

Chairwoman Berte called for any questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No. 09-25. Mr. Aquiar moved to approve the resolution and Mr. Sheehy seconded the motion. The Board unanimously approved the resolution.

**Other Non-Action Business.**

Chairwoman Berte called for any other business, there was none.

**Public Comment.**

Chairwoman Berte called for any public comment, there was none.

**Adjourn to Closed Session to Confer with Counsel Pursuant to the Following Subdivisions of Government Code Section 11126:**

Pursuant to Government Code Section 11126, subdivision (e)(1) and (e)(2)(B)(i), regarding litigation threatened in the Chapter 11 Bankruptcy case entitled *In re: COPIA: THE AMERICAN CENTER FOR WINE, FOOD AND THE ARTS, a California nonprofit public benefit corporation, Debtor*, United States Bankruptcy Court Northern District of California, Northern District of California, Case No. 08-12576.

Pursuant to Government Code Section 11126, subdivision (e)(1) and (e)(2)(A), regarding formally initiated litigation entitled *Copia Claims, LLC, a California limited liability company, on behalf of itself and all other similarly situated v. California Infrastructure and Economic Development Bank, et al.*, United States District Court for the Eastern District of California (Sacramento Division), Case No. 09-at-00917.

**Closed Session.**

Chairwoman Berte closed the open session and convened the Board in closed session.

**Reconvene Open Meeting.**

Chairwoman Berte reconvened the meeting to open session.

**Adjournment.**

Chairwomen Berte declared the meeting adjourned at approximately 2:40 p.m.